



The Council of State Governments
Sharing capitol ideas.

State of Transportation Funding 2014

Presentation to the South Dakota Interim
Committee on Highway Needs & Financing

Sean Slone

CSG Program Mgr. for Transportation Policy



2008 CSG Policy Resolution on Reauthorization

- **Multi-modal, multi-year, adequately funded**
- **Short-term funding stability and long-term vision**
- **Maximum flexibility to states; preservation of the federal-state-local transportation partnership**
- **Considers the needs of both urban and rural areas**



MAP-21 (2012)

- **Speeding up project delivery and environmental review processes**
- **Performance measurement**
- **Streamlining of programs**
- **Greater flexibility to states**
- **Increased funding for TIFIA**
- **Static funding**
- **No long-term trust fund fix**





THE SECRETARY OF TRANSPORTATION

WASHINGTON, DC 20590

July 1, 2014

Mr. John R. Cooper
Transportation Director
Alabama Department of Transportation
P.O. Box 303050
Montgomery, AL 36130

Dear Director Cooper:

I have previously written to let you know of the increasingly urgent state of the Highway Trust Fund. I now write to set forth the cash management procedures to be undertaken by the Federal Highway Administration in the event of a shortfall. Absent Congressional action, we will begin implementing these measures on August 1, 2014.

As I stated in my June 19 letter, the Department will continue to take every possible measure to fully reimburse your State for as long as we can. However, as we approach insolvency, the Department will be forced to limit payments to manage the reduced levels of cash available in the Trust Fund. This means, among other things, that the Federal Highway Administration will

H.R. 5021 (2014)

- Provides \$10.8 billion in offsets to support transfers of General Funds into the Highway Trust Fund.
- Extends the authorizations for transit, highway and highway safety programs funded from the HTF through May 31, 2015.
- Offsets include “pension smoothing,” the extension of customs user fees and transfers from the leaking underground storage tanks trust fund.



Headlines

- **“Congress punts” – *Politico*, July 21,**
- **“Kicking the Can Down the Road” – NPR, July 20**
- **“Transportation funding still driving blind” – *Houston Chronicle*, July 16**
- **“Congress: Riding on four flat tires,” – *Pittsburgh Post-Gazette*, July 22**
- **“Congress Hits the Snooze Button on Transpo Funding Until May,” – Streetsblog USA, August 1**



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Joshua Schank Eno Center for Transportation

“Congress is actually reflecting what people want. People want to have a federal (transportation) program and they don’t want to pay for it.”





Sen. Mike Vehle

**“Everyone
wants good
roads and no
one wants to
pay for them.”**



Hopeful Signs?

- **Corker-Murphy 12-cent Gas Tax Increase Proposal**
- **Recent comments by Sens. John Boozman & James Inhofe**



Senate Amendment 3584 to H.R. 5021

- **Statement of purpose: To empower states with authority for most taxing and spending for highway programs and mass transit programs.**
- **Vote count: Yeas 28, Nays 69, Not Voting 3**



South Dakota

- For FY 2015, the state is expected to receive \$380.7 million from the federal government for transportation and highways.
- Based on 2011 data, the state ranked 49th out of 50 in the percentage of transportation funding it derives from state gas taxes and other user fees.
- Those taxes and fees accounted for just 21.5 percent of transportation spending.

Source: Tax Foundation, January 2014:

<http://taxfoundation.org/article/gasoline-taxes-and-user-fees-pay-only-half-state-local-road-spending>



Wyoming



- 10-cent gas tax increase
- \$70 million annually, including \$47.4M for state highways, \$16.4 M for counties, \$6.7 M for cities, \$1.2 M for state parks



Vermont

- 2 percent sales tax on gas
- 0.8 cent decrease in per gallon gas tax
- 2 cents per gallon diesel tax increase



Maryland

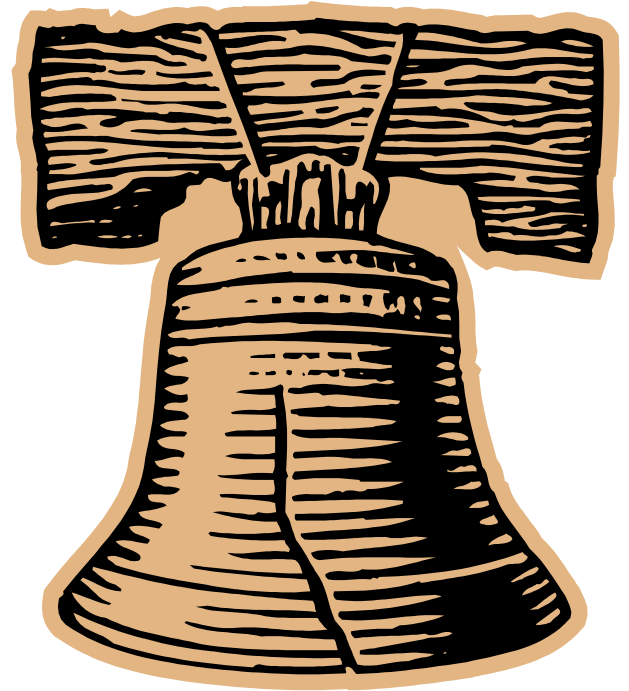


- Gas tax increase over four years
- 3 percent sales tax on wholesale gas over three-years
- Gas tax indexed to inflation
- Possible additional 2 percent sales tax on gas

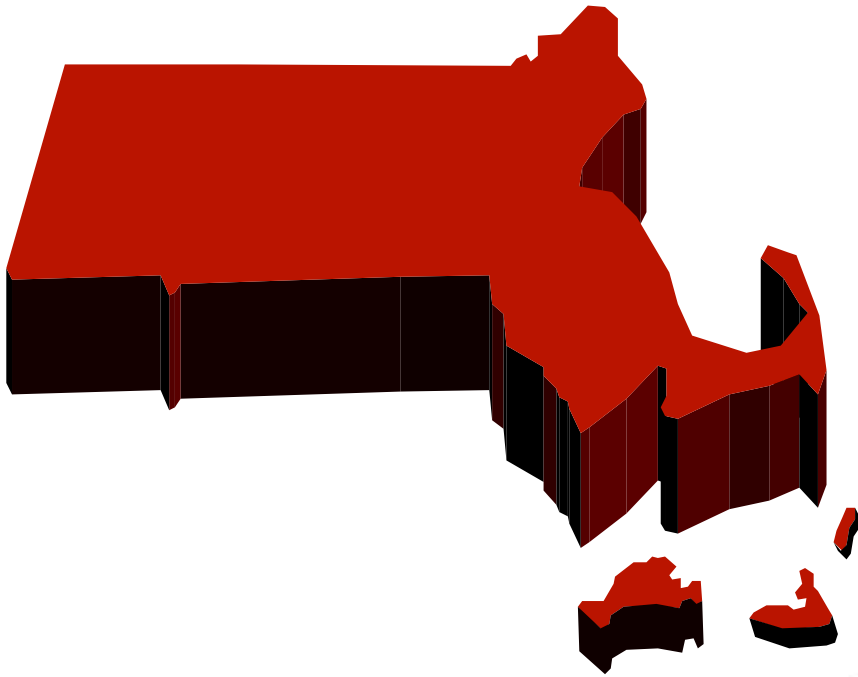


Pennsylvania

- **Eliminates 12-cent retail gas tax over five years**
- **Abolishes the artificial cap on Oil Company Franchise Tax**



Massachusetts



- **Three-cents-per-gallon gas tax increase**
- **Indexes future tax increases to inflation**



Virginia

- Eliminates 17.5 cents-per-gallon gas tax
- Increases sales tax from 5 percent to 5.3 percent statewide
- Creates new wholesale gas, diesel taxes
- Additional sales tax incr. for No. VA & Hampton Roads



Virginia

- Annual registration fee for alternative fuel cars
- Additional wholesale gas tax increase of 2 percent w/o Marketplace Equity Act
- New tax on car sales



ARTBA Transportation Investment Advocacy Center Best Practices

- Stakeholder coalitions
- Governor as a champion
- Compromise & bipartisan support in legislature
- Strong political leadership in legislature
- National momentum
- Effective communication & messaging to the public with a focus on job creation and economic benefits

Source:

<http://www.transportationinvestment.org/campaign-case-studies/>



State Transportation Funding in 2014

- **Rhode Island: 1 cent fuel tax increase; will be indexed to inflation. New road & bridge fund supported by higher vehicle inspection fees, titling fees and rental car surcharges.**
- **New Hampshire: 4.2 cents-per-gallon gas tax. Includes 20-year sunset provision.**



Missouri

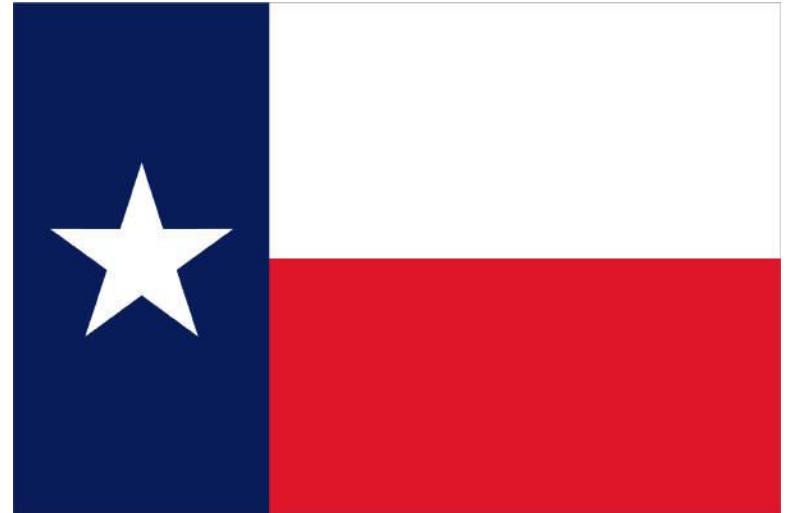


- **Constitutional amendment to increase sales tax by three-quarters of a cent with all revenue to transportation**
- **Gas tax frozen for 10 years**
- **Existing roads could not be converted to toll roads for 10 years**



Texas

- **Divert \$1 billion from the state's Rainy Day Fund to transportation**



Oregon



- **Senate Bill 810**
authorizes a program
starting in 2015 under
which up to 5,000
vehicle owners will pay
a 1.5 cents-per-mile
road use charge and
receive a refund of the
state gas tax



Public-Private Partnerships

- **Not “free money”**
- **Private sector brings innovation, efficiency**
- **Industry transitioning to “availability payment” deals**
- **Helps to have skin in the game**
- **Pennsylvania’s Rapid Bridge Replacement Project**
- **Matchmakers Needed:**
 - **Build America Investment Initiative**
 - **\$10 Billion Rural Investment Fund**



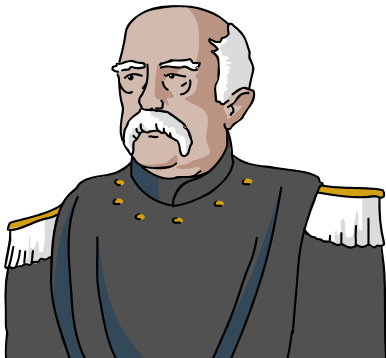
Sean's Parting Advice

- You are not alone and there's no need to reinvent the wheel.
- Invest now
- Infrastructure investment benefits the economy
- Maintaining the concept of a user fee
- Gas tax increases continue to make the most sense... at least for now
- State of confusion



Sean's Parting Advice

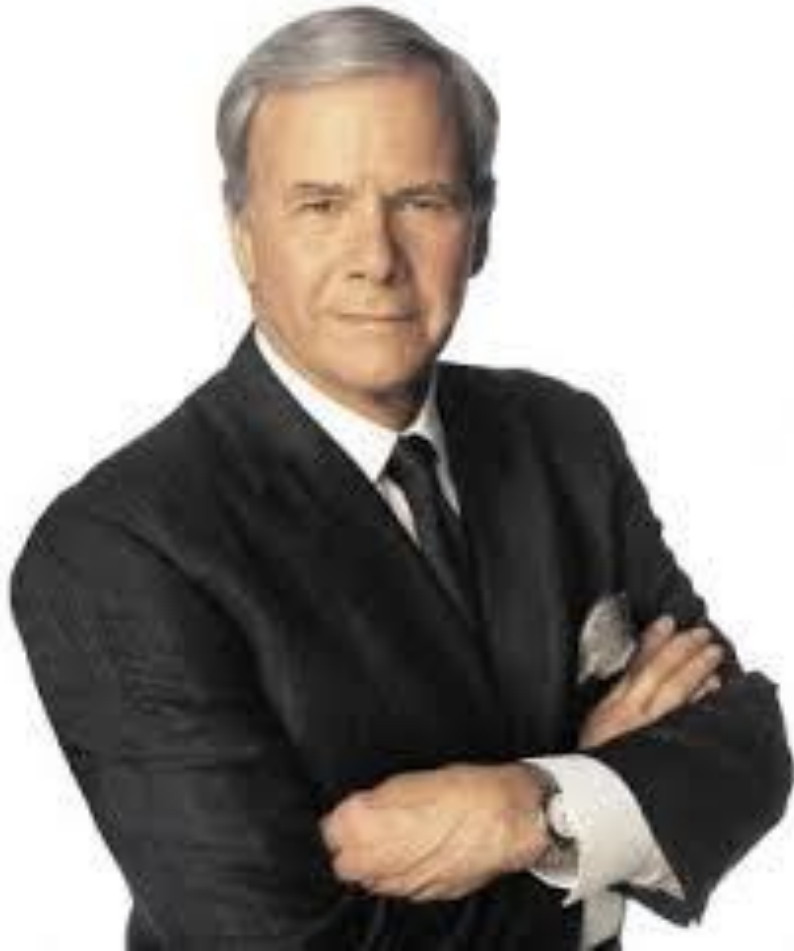
- **Keep it local**
- **Remember the locals**
- **“Politics is the art of the possible”**



Sean's Parting Advice

- **Seek a solution that is adequate, fair, transparent and sustainable**
- **Make the case for infrastructure investment**





Tom Brokaw
Fmr. Anchor,
NBC Nightly News

**“It’s easy to
make a buck.
It’s a lot tougher
to make a
difference.”**



Sean's Parting Advice

- **Go big or go home**
- **“States are the laboratories of democracy.”**



“Pension Smoothing”

- **“It involves allowing companies to put less than the required amount into their pension funds, thus creating more profit, which leads to more tax revenue for the government. Until later, when the whole thing turns into geysers of red ink. I think I speak for us all when I respond: ‘Say what?’”**

-- Gail Collins, *The New York Times*, August 1, 2014





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Policy

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Your Comments & Questions?

